

Filed for intro on 01/31/2002  
SENATE BILL 2872 By  
Atchley

HOUSE BILL 2987  
By McDaniel

AN ACT to amend Tennessee Code Annotated, Title 55 and Title 67, relative to the taxation of certain motor vehicles.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, is amended by adding the following new part

Section 67-4-2201. As used in this part unless the context clearly requires otherwise:

- (1) "Commissioner" means the commissioner of safety.
- (2) "Department" means the department of safety.
- (3) "Motor vehicle" has the same meaning as defined in Section 55-1-103.

Section 67-4-2202

(a) Motor vehicles required to be registered under Title 55, and for which a fee is paid under Section 55-4-111, Classes A, B, or C, shall be subject to an additional tax on the privilege of titling, registering, and operating such vehicles in Tennessee.

(b) The tax shall be levied on the current average or “trade-in” value of the vehicle.

(c) The rate of the tax is one percent (1%) of the value of the vehicle, but there shall be a minimum tax of twenty-five dollars (\$25.00) on each vehicle, regardless of assessed value.

(d) Current average or trade-in values shall be determined using the National Automobile Dealers’ Association Official Car Guide, Southeastern edition (NADA guide), or its successor publication, or a comparable guide designated by the commissioner of safety. The commissioner may determine by appropriate means the value of vehicles not included in the NADA guide or vehicles whose values differ substantially from the NADA guide, such as rebuilt vehicles.

(e) The tax is payable annually at the same time and in the same manner as registration fees are paid under Title 55, Chapter 4, Part 1.

(f) If the owner of a vehicle on which tax has been paid sells or otherwise transfers that vehicle to another during the twelve-month period after payment of the tax, the owner will be allowed a pro-rata credit against any state sales tax due on a replacement vehicle, upon filing a request for such credit with the commissioner. The county clerk may act as agent for the commissioner and receive such request at the same time application is made for registration of the replacement vehicle.

(g) The purchaser of a new or used motor vehicle is exempt from payment of the tax imposed by this section for twelve (12) months after such purchase if the appropriate sales or use tax is paid on the vehicle.

(h) A person licensed as a motor vehicle sales dealer under the provisions of Title 55, Chapter 17, may act as agent for either the county clerk or

the commissioner for initial collection of the tax imposed by this section or for pro-rata refund requests.

(i) The commissioner shall prepare an annual motor vehicle tax statement which shall be sent to the owner of the vehicle at the same time as registration notices are sent. Failure to receive such notice shall not excuse timely payment of the tax.

(j) The tax imposed by this section is a tax for state purposes only and no county or municipality may levy a similar tax. All taxes collected pursuant to this part shall be deposited in the general fund to be used as appropriated in the general appropriations act. This tax does not replace or supersede any other registration tax or state or local tax levied on the privilege of operating motor vehicles.

(k) In assessing, collecting, and enforcing this tax, the department shall have all other powers provided for the assessment, collection, and enforcement of registration or other privilege taxes, except as provided otherwise in this section.

#### Section 67-4-2203

(a) Beginning July 1, 2003, the department shall notify, by ordinary mail, any owner of a motor vehicle, subject to the provisions of this statute, for which the tax levied by this part has not been paid that if full payment is not received within thirty (30) days, the commissioner shall suspend the motor vehicle registration for such vehicle.

(b) Any notification returned to the department by the post office shall not result in the notification of the department for suspension of a motor vehicle registration but if the owner fails to timely pay such taxes, the commissioner may notify the department of such failure.

(c) Such notification shall be on forms designed and provided by the department and shall list the motor vehicle owner's full name, including middle initial, the owner's address, and the year, make, model, and vehicle identification number of such motor vehicle. Upon receipt of this notification, the department shall provide notice of suspension of such motor vehicle registration to the owner at the owner's last address shown on the records of the department .

(d) Any suspension imposed shall remain in effect until the department receives notification from a county clerk that the tax levied by this part has been paid in full. Upon the owner's furnishing proof of payment of such taxes and paying a twenty-dollar (\$20.00) reinstatement fee to the commissioner, the motor vehicle's or vehicles' registration shall be reinstated.

(e) In the event a motor vehicle registration is suspended for nonpayment of this tax, the owner so aggrieved may appeal in accordance with the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5.

Section 67-4-2204. In case of any dispute on the assessment or collection of the tax, the taxpayer and the department shall utilize the provisions of Title 67, Chapter 1, Part 18, dealing with taxpayer remedies for disputed taxes collected by the department of revenue, as well as any other informal dispute resolution procedures used by the department of revenue.

SECTION 2. Tennessee Code Annotated, Section 55-4-111, is amended by deleting subdivisions (a)(1)(E) in its entirety and substituting instead the following:

Class E Private buses (not for hire ) – In the case of buses or motor driven coaches utilized exclusively for transporting either the owner or persons associated with

the owner in a trade, business or vocation, or both of them, together with personalty constituting the tools of such trade, business or vocation, between places where such trade, business or vocation may be carried on, and not used to transport persons or property for hire – registration fee \$200.

SECTION 3. Tennessee Code Annotated, Section 55-4-112(a)(1) through (5), are amended by deleting the present fees and substituting a new fee schedule as follows:

(a) The registration fees for private and commercial motor vehicles operating for hire who transport passengers shall be as follows:

- (1) Motor vehicles with not more than seven (7) seats for passengers..... \$ 37.13
- (2) Motor vehicles with over seven (7) seats and not more than fifteen (15) seats for passengers ..... 86.63
- (3) Motor vehicles with over fifteen (15) seats and not more than twenty-five (25) seats for passengers ..... 152.63
- (4) Motor vehicles with over twenty-five (25) seats and not more than thirty-five (35) seats for passengers ..... 235.12
- (5) Motor vehicles with over thirty-five (35) seats for passengers ..... 317.63

SECTION 4. Tennessee Code Annotated, Section 55-4-112(b), is amended by deleting the language “fifty cents (50¢)” and “twenty-five dollars (\$25.00)” and substituting the language “fifty-five cents (55¢)” and “twenty-seven dollars fifty cents (\$27.50)” respectively.

SECTION 5. Tennessee Code Annotated, Section 55-4-113, is amended by deleting subdivision (a)(1) in its entirety and substituting the following:

- (a)
  - (1) Fixed load vehicles so designated and used only for the transportation of equipment that is mounted thereon and as found defined in §

55-4-117 may be registered at a rate of twenty-five percent (25%) of the tax schedules set forth in subdivision (a)(2).

SECTION 6. Tennessee Code Annotated, Section 55-4-113, is further amended by deleting the first seven (7) lines of subdivision (a)(2)(A) and substituting the following:

(a)

(2)

(A) Every person, firm or corporation operating, for commercial purposes, a freight motor vehicle as herein defined over the roads of the state shall first register such vehicle with the department and shall pay therefor a tax as follows, according to the indicated classes set forth in this subdivision:

SECTION 7. Tennessee Code Annotated, Section 55-4-113(a)(4)(A), is amended by deleting the fee schedules for Classes I – II and by substituting instead the following:

(A) Motor vehicles used exclusively for the movement of farm products for the grower from the point of production to the first market, or operated as farm trucks as defined in § 55-1-119, or as a logging and lumbering truck as hereinafter defined, or as the owner's private conveyance, transporting only tangible personal property belonging to the owner or a guest occupant, shall be classified by the commissioner and registered with the department as freight motor vehicles at the following taxes in lieu of those set out in subdivision (a)(1):

Class 1 .....	\$ 19.53
Class 2 .....	36.30
Class 3 .....	108.90
Class 4.....	140.80
Class 5 .....	187.00
Class 6 .....	217.80

Class 7 .....	242.00
Class 8 .....	297.00
Class 9 .....	343.20
Class 10 .....	400.40
Class 11 .....	541.20

SECTION 8. Tennessee Code Annotated, Section 55-4-113(a)(5), is amended by deleting the figures “\$32.00” and substituting the figures “\$35.20”.

SECTION 9. Tennessee Code Annotated, Section 55-4-113(a)(6)(A), is amended by deleting the amount “fifty dollars (\$50.00)” and substituting the amount “seventy-five dollars (\$75.00)”.

SECTION 10. Tennessee Code Annotated, Section 55-4-113(a)(7), is amended by deleting the language “four hundred thirty dollars (\$430)”, “five hundred dollars (\$500)”, “three hundred ten dollars (\$310)”, “five hundred sixty dollars (\$560)”, “six hundred fifty dollars (\$650)”, and “four hundred dollars (\$400)”, and substituting, respectively, the language: “four hundred seventy-three dollars (\$473.00)”, “five hundred fifty dollars (\$550.00)”, “three hundred forty-one dollars (\$341.00)”, “six hundred sixteen dollars (\$616.00)”, “seven hundred fifteen dollars (\$715.00)”, and “four hundred forty dollars (\$440.00)”.

SECTION 11. Tennessee Code Annotated, Section 55-4-115(a)(1), is amended by deleting subdivisions (A) through (D), and substituting the following:

(A) Freight motor vehicles with a declared maximum gross weight not in excess of twenty-four thousand pounds (24,000 lbs.) for a period of time not to exceed seven days .....\$ 16.50

(B) Freight motor vehicles with a declared maximum gross weight in excess of twenty-four thousand pounds (24,000 lbs.) for a period of time not to exceed seven days .....33.00

(C) Private passenger motor vehicles for a period of time not to exceed thirty (30) days .....5.50

(D) House trailers and one-half (1/2) ton rated trucks for a period of time not to exceed thirty (30) days .....5.50

Tennessee Code Annotated, Section 55-4-115(a), is further amended by deleting subdivision (5) and substituting the following:

(5) The permit fees for the several gross weight classes shall be as follows:

16,000 lbs.....	\$ 2.75
20,000 lbs.....	8.25
26,000 lbs.....	11.00
32,000 lbs.....	14.30
38,000 lbs.....	16.50
44,000 lbs.....	55.00
56,000 lbs.....	71.50
66,000 lbs.....	82.50
74,000 lbs.....	99.00
80,000 lbs.....	115.50

SECTION 12. Tennessee Code Annotated, Section 55-4-117(b)(1), is amended by deleting the language “three hundred twenty-five dollars (\$325)” and substituting the language “three hundred fifty-seven dollars and fifty cents (\$357.50)”.

SECTION 13. Tennessee Code Annotated, Section 55-4-221(b)(3), is amended by deleting the second sentence thereof and substituting instead the following:

The fee for the first plate is forty-seven dollars and thirty cents (\$47.30), and the fee for any plates in addition to the first plate is twenty-three dollars and sixty-five cents (\$23.65) for each additional plate.



SECTION 14. Tennessee Code Annotated, Section 55-4-221(c), is amended by deleting subdivision (4) and substituting the following:

(4) The commissioner is hereby authorized and empowered to design, issue and regulate the use of temporary plates for use in cases where dealer plates cannot be used. Temporary plates may be issued for a period of thirty (30) days. The fee for the thirty-day plate is five dollars and fifty cents (\$5.50). No person may operate a motor vehicle for more than sixty (60) days with the temporary plate. Nothing in this section shall be construed as a grant of authority for the issuance or use of such temporary plates on trucks or truck tractors being used or tested under load conditions over the streets and highways of this state.

SECTION 15. Tennessee Code Annotated, Title 55, Chapter 4, Part 1, is amended by adding the following new section:

Section 55-4-133. Effective the first day of the first full month following the effective date of this act, a temporary transitional tax shall be imposed on each motor vehicle registered under Section 55-4-111, Classes B or C, in accordance with the following schedule. This tax shall be collected at the same time and in the same manner as the regular registration tax set by Section 55-4-111. This tax shall be deposited in the general fund. This section is repealed on June 30, 2003.

The rate of the tax between the effective date of this section and June 30, 2003, shall be as follows:

<u>Vehicle Model Year</u>	<u>Tax Due</u>
2002 – 1997	\$85.00
1996 – 1992	75.00
1991 – 1987	55.00
1986 – 1982	35.00
1981 or earlier	15.00

The rate of tax for Class A motorcycles or autocycles is fifteen dollars (\$15.00), regardless of model year.

SECTION 16. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 17. All funds raised through the provisions of this act, including increases or additions to current taxes or fees, shall be deposited exclusively in the general fund to be used for general state purposes as provided in the general appropriations act.

SECTION 18. For the purposes of promulgating any necessary rules or regulations, manufacturing or arranging for the manufacture of plates, or taking any other necessary actions, this act shall take effect upon becoming a law, the public welfare requiring it. Section 1 shall take effect July 1, 2003, the public welfare requiring it. Sections 2 through 14 shall take effect July 1, 2002, the public welfare requiring it. Section 15 shall take effect as provided for therein, the public welfare requiring it. All other sections shall take effect upon becoming a law, the public welfare requiring it. The department of safety may continue to use existing stocks of registration plates for carriers registered under Section 6 until such stocks are exhausted or replacement plates are available.